

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 7/21/2015	(3) CONTACT/PHONE Frank Honeycutt, Transportation Division Manager (805) 781-5269	
(4) SUBJECT Hearing to consider an appeal of the Templeton Area C Road Improvement fees by Pearce Services. District 1.			
(5) RECOMMENDED ACTION It is recommended that the Board deny the appeal to adjust the Templeton Area C Road Improvement Fee for PMT2014-02562 (3720 La Cruz Way).			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT { } Consent { } Presentation {X} Hearing (Time Est. <u>15 min</u>) { } Board Business (Time Est. <u> </u>)			
(11) EXECUTED DOCUMENTS { } Resolutions { } Contracts { } Ordinances {X} N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A { } 4/5 Vote Required {X} N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY {X} N/A Date: <u> </u>	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim			
(18) SUPERVISOR DISTRICT(S) District 1			

Reference: 15JUL21-H-2

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works
Frank Honeycutt, Transportation Division Manager

VIA: Dave Flynn, Deputy Director of Public Works

DATE: 7/21/2015

SUBJECT: Hearing to consider an appeal of the Templeton Area C Road Improvement fees by Pearce Services. District 1.

RECOMMENDATION

It is recommended that the Board deny the appeal to adjust the Templeton Area C Road Improvement Fee for PMT2014-02562 (3720 La Cruz Way).

DISCUSSION

Pearce Services (Appellant) has applied for a building permit, PMT2014-02562, to construct tenant improvements for occupancy of a construction company at 3720 La Cruz Way in the community of Templeton (see Vicinity Map). The project site is located in the Templeton Road Improvement Fee Area C and, because of a more intensified use, is subject to pay a road fee of \$40,643 (see attached map). On June 24, 2015, the Appellant requested the County Clerk-Recorder set today's hearing for your Board to adjust the road improvement fee.

The original 5,835 square foot building was completed in early 2001 under permit C0625 as a warehouse, wholesale display, office, and pre-manufacturing of mechanical equipment (general light industrial use). Prior to permit issuance, the owner paid then current road improvement fee of \$3,471 (0.98 peak hour trips (pht) at \$607/pht). General light industrial is typically free standing facilities devoted to a single use with emphasis on activities other than manufacturing and typically have minimal office space. Examples include: printing, material testing, assembly of data processing equipment.

The proposed tenant improvements (PMT2014-02562) are for operation of a construction company (general office). To mitigate traffic impacts associated with the change in use, the project was required, and has paid, the road improvement fee. A permit history of the project site is provided in Table 1.

Table 1: Property Permit History

Year	Permit No.	Description	Road Improvement Fee Paid
2000	C0625	Industrial building (5,835 square feet) warehouse/ wholesale display & offices (pre manufacture, mechanical equip) office/industrial bldg w/fire sprinklers	\$3,471
2011	ZON2011-00059	Pacific Heating & Cooling	N/A (no building permit)
2015	PMT2014-02562	Tenant improvement (5,535 sf) for construction company office (previously occupied by Pacific Heating and Air)	\$40,643

Considering the proposed change in use, staff estimated the project's road fee as follows:

1. A credit of 0.97 pht/ksf (peak hour trips per thousand square feet of building) was applied to the existing use peak hour trips (Institute of Transportation Engineers (ITE) Code 110)
2. The proposed change in use was estimated to be General Office, ITE Code 710, resulting in a peak hour trip factor of 1.49 pht/ksf.
3. The currently adopted Templeton Area C road fee of \$14,121 per peak hour trip was applied.
4. The building area impacted by the tenant improvements was estimated from the submitted plans to be 5,535 square feet.

These above factors resulted in an estimated fee of \$40,643 $((1.49-0.97) \times \$14.121 \times 5.535 \text{ last})$ to mitigate time increased peak hour demand. A summary description of the ITE Trip Generation rate for similar general office uses, in addition to credited trip generation rate is provided in Table 2 for your consideration.

Table 2: ITE Vehicle Trip Generation Rates base on Land Use

ITE Code	Use	Definition of Use	Trip Generation Factor (pht/ksf)
110	General Light Industrial	Single use facility with emphasis on activities other than manufacturing. Typical activities include printing, data processing, material testing, warehouse, and minimal office space.	0.97
710	General Office	Typically houses multiple tenants where affairs of businesses, commercial, industrial organizations, and professional persons or firms are conducted.	1.49
714	Corporate Headquarters	Typically a single tenant office building that houses the corporate headquarters of a company or organization and contains offices, meeting rooms and space for file storage and data processing for a single business or company.	1.40
715	Single Tenant Office	Typically contains offices, meeting rooms and space for file storage and data processing for a single business or company.	1.73

ITE: Institute of Transportation Engineers Trip Generation report

Appeal Issues

At the time of writing this staff report no arguments to reduce the road improvement fee were provided to Public Works in the Appellant's letter dated June 24, 2015, attached, other than stating they are not appropriate. Under the Road Improvement Fee Ordinance, our office will consider fees based on outside Traffic Engineer assessment for review and approval. The Appellant has not sought such opinion.

Templeton Road Improvement Fee Area Appeal History

Since 1991, there have been 25 road improvement fee appeals in the Templeton Road Fee Area. The following table summarizes the Board's actions which have resulted in a program funding loss of approximately \$430,000 to date:

Category	No. of Appeals	Board Action			RIF
		Adjusted	Waived	Denied	Losses
Residential	14	3	3	8	-\$238,998
Industrial	2		1	1	-\$29,089
Commercial	2	1	1		-\$6,128
Other	7	3	2	2	-\$154,716
TOTAL	25	7	7	11	-\$428,931

Funds not received under the Road Improvement Fee program must be made up through other sources which may require the General Fund.

Basis for Adjustment or Waiver of the Fee

Section 13.01.050 of the San Luis Obispo County Code states that an adjustment or waiver of the fee may be granted, "based on the absence of any reasonable relationship or nexus between the traffic-generating impacts of that new development, and either the amount of the fee imposed or the type of road facilities or improvements to be financed by the fee."

The Templeton Circulation Study establishes the reasonable relationship, or nexus, required for the imposition of fees within its study area. The most recent update of the Study was adopted by your Board on December 16, 2014, and the fees recommended in that update became effective February 16, 2015. For the proposed use, the current fee for Templeton County Area C is \$14,121 per "Other Category" pm peak hour trip (see Attachment 1).

All new developments or changes in use of existing development within the area will contribute to the need for road and other transportation improvements. The improvement program is designed to provide the necessary capacity, in the network of arterial and collector streets, to meet the County's established level of service criteria. The Road Improvement Fee program was designed to apportion the cost of the needed improvements to all development, based on the amount of traffic generated.

The immediate need is for improvements to the Main Street interchange which is beginning planning/design efforts with Caltrans. This project is expected to cost \$9 - 12 Million and be funded by the fee program.

OTHER AGENCY INVOLVEMENT/IMPACT

The Building Permit is processed by the Department of Planning and Building. We have reviewed this item with the office of County Counsel, who concurs with our recommendation.

FINANCIAL CONSIDERATIONS

The Templeton Circulation Study establishes a Capital Improvement Program to identify road improvements necessary to support new development. Supporting this appeal will result in loss of road improvement fee revenues available for much needed improvements to Main Street Interchange at US 101, and may set a precedent that could result in substantial loss of road improvement fee revenue in the future.

A fee of \$497 was paid by the applicant to process this appeal request. This fee is applied to offset the time spent by County staff to prepare this report and present this item to the Board of Supervisors at public hearing.

RESULTS

The results of considering this appeal will include your determination on how costs are allocated to new development, which will promote a well-governed community.

c: Ms. Kristin Osborn, c/o Pearce Services, 90 Wellsona Road, Paso Robles, CA 93446

Reference: 15JUL21-H-2

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ATTACHMENTS

1. Vicinity Map
2. Attachment 1: Templeton Road Improvement Fee Area
3. Attachment 2: Appellant's Letter